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SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [ETTC](#) [KOMC](#) [NZ](#)

SUBJECT: BLUE LANTERN LEVEL 3: POST-SHIPMENT END-USE CHECK FOR ON
LICENSES 050130278 AND 050181912

REF: STATE 85078

¶1. (SBU) In response to reftel, Econoff met with Outdoor Brands Managing Director Andy Mercer on September 28 to check the bona fides of the company and its annual sales. The company is a legally registered company in New Zealand and has the necessary New Zealand permits to legally import and sell firearms. Econoff witnessed a current business license, valid Notice of Importation of Firearms/Restricted Weapons/Parts issued by the New Zealand Police (Permit Number LVSC/9910), and valid permit to sell firearms in New Zealand (Dealer License T1547932, issued 17 October, 2008).

¶2. (SBU) The company was established in September 2008, and the main shareholder and director is Andy Mercer (age 42), who is a citizen of New Zealand. The company has 3 employees, one of which is Mercer's wife. According to Mercer, the company is a wholesaler of sporting goods to approximately 120 sporting goods shops located throughout New Zealand. It does not sell to any companies outside of New Zealand. The company imports sporting goods including firearms and spare parts, ammunition, clothing and equipment from several different countries, including China, and sells them throughout New Zealand on a wholesale basis only. Most of the end users are located in rural areas of New Zealand. Mercer said that, according to New Zealand law, he checks the firearms sales licenses and business licenses for each of the retail outlets that purchase his products. According to Mercer, the company's annual sales of U.S.-origin firearms, which accounts for the bulk of the business, totals NZD 2.5 million (approximately USD 1.75 million).

¶3. (SBU) Mercer confirmed that he fully understood the regulations governing the import of U.S.-origin defense articles, including restrictions on re-transfer or re-export. To the best of Mercer's knowledge, no firearms that were imported through his company have been re-exported.

¶4. (SBU) Outdoor Brands, located at 6 Botha Road in Auckland, is situated in a commercial/industrial area in the suburban area of Penrose. It is in an unmarked building, which Mercer explained is for security purposes. The imported firearms are stored on-site in a locked shipping container, which is inside a concrete building. The building has iron-barred windows and reinforced locks. The building also has an alarm system that is monitored off-site by a security company. Econoff personally witnessed the aforementioned security measures. According to Mercer, Police are dispatched immediately (because of the sensitive nature of the warehouse) if alarms are tripped and there is no immediate response from company employees.

¶5. (SBU) There was nothing during the meeting or tour of the facility that would lead us to question the reliability of Outdoor Brands. Andy Mercer and his employees were very open and

cooperative during the visit. It appeared that Outdoor Brands has taken all prudent measures to secure the firearms. Mercer explained that although licenses 050130278 and 050181912 are for relatively large amounts of firearms, the company only imports a small percentage. He said the biggest issue he faces is the unavailability of firearms he would like to purchase from the U.S. He showed one recent order in which only 36 of the 746 ordered rifles were available.

¶6. (SBU) Comment: Hunting is a very popular year-round sport in New Zealand with no limits on what New Zealand considers "invasive species" of rabbits, possums, wild pigs, and deer. The peak sales season for rifles occurs in April, during the fall migratory season and from October to December during the run-up to Christmas. Mercer's business model and sales patterns were consistent with hunting norms in New Zealand.

CLARKE